



# **Municipal Court Audit Report**

Issued by the  
Internal Audit Department  
February 28, 2006

**City of El Paso, Texas  
Internal Audit Department  
Municipal Court Audit**

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***EXECUTIVE SUMMARY***

The Internal Audit Department has concluded its audit of Municipal Court. Based on the results of the audit, five findings were identified to indicate internal control weaknesses within Municipal Court. Four of these findings are considered significant in nature, while one finding is not significant. At the request of the Municipal Clerk, an examination of the missing tickets procedures was conducted due to concerns over this process.

Municipal Court is in the process of implementing an E-Tickets system and also implementing additional in-house collection efforts due to the new State of Texas Office of Court Administration Collections Implementation Plan. Because of these new initiatives the internal controls within Municipal Court require improvement. Listed below is a summary of the five (5) findings identified in this report:

- Issued citations are not adequately safeguarded. Citations are considered potential revenue and should be properly safeguarded. These citations should be logged in order to account for gaps and other discrepancies before they are inputted into the Judicial Information System (JIMS).
- A segregation of duties weakness was identified as a result of the Municipal Court's Cashier Section receiving and handling issued citations submitted by the Police Department. The Cashier Section handles the citations before they are delivered to the Data Entry Section for input into JIMS.
- There is a lack of standardized procedures in place for the logging of citations into control logs at the Police Department's Regional Command Centers. Policies and procedures over the retention/disposal of used/defective citation books are also not standardized. In most cases unused or left over citations books are returned to Municipal Court and are shredded or recycled without being properly logged in or accounted for.
- Periodic monitoring and reconciliations are not being performed for issued and voided citations posted to JIMS and thus any gaps in the citation numbering sequence or missing citations are not being accounted for properly. Although JIMS has data mining capabilities, these capabilities are not being utilized for analysis or monitoring purposes.
- Based on the results of reviewing a random sample of ten (10) citations from books issued to police officers, it was determined that one citation could not be accounted for. The missing citation was from a citation book issued to a police officer but not posted to JIMS.

For a detailed explanation of each of the findings please refer to the appropriate finding contained in the body of this Audit Report.

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***BACKGROUND***

The El Paso Municipal Court of Record was established as a division of the Municipal Clerk's Department, and is divided into five municipal courts each presided over by an elected and appointed municipal judge and substitute associate judges. The El Paso Municipal Court is committed to the impartial and efficient delivery of justice for class "C" misdemeanors and civil parking violations. The Municipal Court Judges adjudicate cases, conduct arraignments and perform magisterial functions. The administrative staff provides effective case management, revenue collection and record's retention support. In accomplishing its mission, the Municipal Court processes all court-related paperwork and fines/bonds paid for moving, parking, and Class "C" violations. Municipal Court issues records to the public regarding court settings, driving histories, defensive driving school, installment payment plans for case dispositions, and liability insurance status. In addition, it provides Municipal Court Judges with clerical support and assistance. Municipal Court provides law enforcement agencies with accurate warrant information as well as physical warrants.

As part of its efforts to improve its case management operations, Municipal Court is planning to launch a pilot program for electronic ticket writing (E-Ticket) in 2006. E-Ticket is expected to reduce data entry, errors, wait time for arraignments, and the existing problem with missing issued tickets.

For fiscal year 2005, Municipal Court collected \$23,133,000 in fines/fees of its projected \$25.5 million. In addition to placing delinquent accounts with a contracted collection agency since 1993, Municipal Court joined forces with the County Tax Assessor and the Texas Department of Transportation (TXDOT) to institute a denial of vehicle registration program in 2003. This program matches up warrant holders with TXDOT vehicle registration files and flags these registrations for the County Tax Assessor, who in turn withholds registration renewals until the warrants are cleared with the City. Moreover, the implementation of a state-mandated in-house collection program, an automatic phone system to call defendants to inform them of arrest warrant activations (Auto-Dialer), and the denial/suspension of driver's licenses for warrant holders (FTA Program) are also part of the Municipal Court's new enforcement programs to improve collections.

Compared to other cities in the State of Texas, the El Paso Municipal Court has the lowest Appropriation to Revenue Ratio, which are the expenditures expended in relation to the revenue collected for fiscal year 2004.

<b>City</b>	<b>Staffing</b>	<b>Total Appropriation</b>	<b>Revenue</b>	<b>Appropriation to Revenue Ratio</b>
Austin	110	\$7,769,683	\$26,292,711	29.55%
Dallas	182	12,509,275	\$27,081,808	46.19%
Fort Worth	129	\$9,144,627	\$20,021,208	45.67%
El Paso	81	\$3,971,470	\$24,724,333	16.06%
San Antonio	198	\$10,312,199	\$23,009,354	44.82%

*Source: El Paso Municipal Court*

### ***SCOPE***

The audit objective was to verify the existence of a sound Policy and Procedures Manual. An evaluation of the process used to collect and monitor the payment of fines was conducted. In addition, the Municipal Clerk asked that we examine the missing tickets procedures due to concerns over this process. The balance currently maintained for outstanding tickets was reviewed. In order to accomplish this, a limited scope audit was conducted. The following steps were completed:

- Obtained an understanding of the fines and payments process.
- Obtained an understanding of the method used to calculate fines, processing and collection of warrant or boot fees, and documented the process.
- Determined if a process exists for placing delinquent accounts with the City's Collection Agency.
- Tested and verified that policies and procedures related to the collection of fines and payments involving cash, personal checks, money orders, cashier checks, and credit cards are properly functioning as intended. Tested to determine that these assets are properly safeguarded and that deposits are made on a timely basis.
- Obtained an understanding of the partial and late payment process and verified that payments are processed in accordance with City guidelines and requirements.
- For persons or vehicles in custody determined that fines are collected in cash, money order, cashier's check, credit card, or through appropriate bond or surety bond.
- Verified that the process for payment extensions and the collection of extension fees is properly administered.
- Documented and verified that any fees related to records requests are properly safeguarded.

The audit period covered the operations of the Municipal Court from September 1, 2005 to February 28, 2006.

The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors.

***SIGNIFICANT FINDINGS, RECOMMENDATIONS,  
AND MANAGEMENT'S RESPONSES***

The definition of a significant finding is one that has a material effect on the City of El Paso's financial statements, identifies an internal control breakdown, a violation of a City procedure, or a violation of a law and/or regulation, which the City is required to follow. Any finding not meeting these criteria will be classified as an "Other Finding".

**Finding 1**

Issued citations are not safeguarded adequately as the Municipal Court's Cashier Section handles these before they are delivered to the Data Entry Section. These citations are handled by several staff members without being logged or recorded, and are accessible to all Municipal Court's staff before they are inputted into the Judicial Information System (JIMS).

**Recommendation**

Limit the staff that can have access to issued citations and provide a secure area to limit accessibility by Municipal Court staff. Maintain logs that will enable reconciliation of issued citations and reduce the input time frame into JIMS.

**Management's Response**

The recommendations have been implemented through the following measures:

1. Direct transport of citations is now made between EPPD and the Court's data entry personnel. EPPD personnel hand carry issued citations to the Court's Clerical Supervisor in sealed packets. Effective date: January 30, 2006.
2. Citations have been moved from a common work area within the data entry section and are now locked in a cabinet after hours. Only the Clerical Supervisor has the key to the cabinet. Effective date: February 2, 2006.
3. EPPD has instituted a uniform log sheet throughout the departmental sections and regional command stations. January 30, 2006.
4. The Municipal Clerk's Office instructed the Court's outside software engineers, TSG, to correct programming flaws that has prevented the generation of the missing citation audit report. The corrected program was implemented on March 3, 2006.

**Responsible Party**

EPPD Commanders and Chiefs; Municipal Court Clerical Supervisor; Asst. Municipal Court Clerk; Municipal Clerk.

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**Implementation Dates:**

1. January 30, 2006
2. February 2, 2006
3. January 30, 2006
4. March 3, 2006

**Finding 2**

A segregation of duties issue was noted as a result of Municipal Court's Cashier Section receiving and handling issued citations submitted by the Police Department before they are delivered to the Data Entry Section for input into the Judicial Information System (JIMS). This increases the risk that citations may get lost or misplaced.

**Recommendation**

Implement a process to allow delivery of issued citations directly to Data Entry Section.

**Management's Response**

Recommendation has been implemented. Direct transport of citations is now made between EPPD and the Court's data entry personnel. EPPD personnel hand carry issued citations to the Court's data entry personnel section.

**Responsible Party**

EPPD Commanders and Chiefs; Municipal Court Clerical Supervisor; Asst. Municipal Court Clerk; Municipal Clerk.

**Implementation Date**

January 30, 2006

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**Finding 3**

There is a lack of standardized procedures in place for the following processes involving citations:

- Distribution of citation books to police officers. Although officers use a log to sign out books of pre-numbered four-part citations, there are no standard procedures for logging out citation books at the Police Department's Regional Command Centers.
- Retention/disposal of used/defective citation books kept by police officers. Since there is a lack of standardized operating procedures for the handling of these citation books, some officers send them to Municipal Court for handling. These citation books are shredded and recycled without being properly logged in or accounted for.

**Recommendation**

Design, implement and maintain standard operating procedures for the distribution and retention of the used/defective citation books at all Regional Command Centers.

**Management's Response**

Recommendation has been implemented. EPPD has implemented a more standardized and enforced procedure whereby EPPD officers must deliver defective citation books to the Municipal Court's data entry section for voiding in the citation system. Used citation books also are being delivered by EPPD to the Court's data entry section.

**Responsible Party:**

EPPD Commanders and Chiefs; Municipal Court's Clerical Supervisor; Asst. Municipal Court Clerk; Municipal Clerk.

**Implementation Date**

February 6, 2006

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**Finding 4**

Periodic monitoring and reconciliations are not being performed for issued and voided citations posted to JIMS and thus any gaps in the citation numbering sequence or missing citations are not being accounted for properly. Although JIMS has data mining capabilities, these capabilities are not being utilized for analysis or monitoring purposes.

**Recommendation**

Municipal Court would benefit from utilizing JIMS data extraction capabilities for the creation of reports that will allow staff to monitor or reconcile issued citations. This would assist in accounting for missing citations more effectively.

**Management's Response**

Recommendation has been implemented. The Municipal Clerk's Office instructed the Court's outside software engineers, TSG, to correct programming flaws that has prevented the generation of the missing citation audit report.

**Responsible Party:**

Municipal Court's Clerical Supervisor; Asst. Municipal Court Clerk; Municipal Clerk.

**Implementation Date**

March 3, 2006



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***OTHER FINDINGS, RECOMMENDATIONS,  
AND MANAGEMENT'S RESPONSES***

**Finding 5**

A random sample of ten (10) citations was selected for review from citation books issued to police officers during the review period. It was determined that one (1) out of ten (10) citations reviewed could not be accounted for (10% error rate). The missing citation was from a citation book issued to a police officer but not posted to JIMS.

**Recommendation**

Municipal Court needs to establish and follow procedures regarding the processing and posting of issued citations into JIMS.

**Management's Response**

Recommendation has been implemented. The Municipal Clerk's Office has instructed the Court's outside software engineers, TSG, to correct programming flaws that has prevented the generation of the missing citation audit report. This report will allow the Court to identify missing citations quickly and contact the officer to whom the citation book is assigned for an explanation as to why the ticket is missing in the sequence.

**Responsible Party**

Municipal Court's Clerical Supervisor; Asst. Municipal Court Clerk; Municipal Clerk.

**Implementation Date:**

March 3, 2006

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***INHERENT LIMITATIONS***

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods are subject to the risk that procedures may become inadequate due to changes in conditions, or that the degree of compliance with the procedures may deteriorate.

***CONCLUSION***

Issued citations should be adequately safeguarded by ensuring that citations are considered potential revenue and that internal controls such as logs can properly account for gaps and other discrepancies before they are inputted into the Judicial Information System. Periodic monitoring and reconciliations should be performed to ensure discrepancies are communicated to management on a timely basis to ensure corrective action. Municipal Court should establish standardized policies and procedures to ensure the accounting and tracking of citations is consistent and reliable.

By implementing the recommendations contained in this Audit Report should assist management in meeting their objectives. We wish to thank the Municipal Court's management and staff for their assistance and numerous courtesies extended during the completion of this audit.

Signature on File

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